

Assembly Bill No. 3487

Passed the Assembly July 8, 1996

Chief Clerk of the Assembly

Passed the Senate July 7, 1996

Secretary of the Senate

This bill was received by the Governor this ____ day
of _____, 1996, at ____ o'clock __M.

Private Secretary of the Governor

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CHAPTER ____

An act to amend Sections 349.109, 104380, 104385, 104420, 104485, 104550, 124900, 124930, and 124950 of the Health and Safety Code, to amend Sections 12696.05 and 12699.50 of the Insurance Code, to amend Sections 14148.99, 16809.5, 16909, 16945, and 16997.1 of, to add Section 16990.1 to, and to repeal Section 16918 of, the Welfare and Institutions Code, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3487, Katz. Health Programs: Cigarette and Tobacco Products Surtax Fund.

Existing law establishes the Tobacco Use Prevention Program, in which the State Department of Health Services is required to implement a program of selecting local lead agencies for the implementation of tobacco use prevention activities, and authorizes the department to withhold funding from counties that do not comply with program requirements.

This bill would revise that authorization to refer to the withholding of funds from noncompliant local lead agencies and would authorize the reallocation of the funds to other local entities.

Existing law provides that the State Department of Education shall award and administer grants for projects directed at the prevention of tobacco-related diseases, and specifies that any school district or county office of education that does not have a tobacco-free district policy implemented by July 1, 1996, shall not be eligible to apply for the grants.

This bill would extend that date to July 1, 1997.

Existing law specifies that the provisions requiring the implementation of the Comprehensive Perinatal Outreach Program shall become inoperative July 1, 1996, and shall be repealed on January 1, 1997, unless a later enacted statute revises or repeals that date.



This bill would extend that limitation to provide that those provisions shall become inoperative July 1, 1997, and shall be repealed January 1, 1998, unless a later enacted statute changes or repeals that date.

Existing law specifies that the provisions requiring the implementation of the Tobacco Use Prevention Program shall become inoperative July 1, 1996, and shall be repealed on January 1, 1997, unless a later enacted statute revises or repeals that date.

This bill would extend that limitation to provide that those provisions shall become inoperative July 1, 1997, and shall be repealed January 1, 1998, unless a later enacted statute changes or repeals that date.

Existing law specifies that the provisions requiring the implementation of the Cigarette and Tobacco Product Surtax Medical Research Program shall become inoperative July 1, 1996, and shall be repealed on January 1, 1997, unless a later enacted statute revises or repeals that date.

This bill would extend that limitation to provide that those provisions shall become inoperative July 1, 1997, and shall be repealed January 1, 1998, unless a later enacted statute changes or repeals that date.

Existing law specifies that the provisions requiring the reimbursement of selected primary care clinics for the delivery of medical services, including preventative health care and smoking prevention and cessation services, including case management services, to eligible beneficiaries whose income is under 200% of the federal poverty level shall become inoperative July 1, 1996, and shall be repealed on January 1, 1997, unless a later enacted statute revises or repeals that date.

This bill would extend that limitation to provide that those provisions shall become inoperative July 1, 1997, and shall be repealed January 1, 1998, unless a later enacted statute changes or repeals that date, would exclude case management services from the scope of that program, would revise the date by which the department is required to adopt and provide each clinic with a

schedule for programs, and would make technical revisions.

Existing law specifies that the provisions requiring the implementation of the Access for Infants and Mothers (AIM) program and provisions for the establishment of the continuously appropriated Perinatal Insurance Fund shall become inoperative July 1, 1996, and shall be repealed on January 1, 1997, unless a later enacted statute revises or repeals that date.

This bill would extend that limitation to provide that those provisions shall become inoperative July 1, 1997, and shall be repealed January 1, 1998, unless a later enacted statute changes or repeals that date, and, by extending the operative period of the continuously appropriated Perinatal Insurance Fund, this bill makes an appropriation.

Existing law specifies the powers and duties of the Major Risk Medical Insurance Board in the implementation of a program to provide perinatal and infant services and, until January 1, 1997, authorizes that board to adopt emergency regulations as necessary to administer the program.

This bill would extend that authorization to adopt emergency regulations to January 1, 1998, and would limit that authorization to the adoption of emergency regulations for certain purposes.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Existing law, operative until July 1, 1996, and repealed on January 1, 1997, provides for the provision of perinatal services, perinatal outreach, coordination, and expansion services, provides limitations on the use of funds from the Health Education Account in the Cigarette and Tobacco Products Surtax Fund for purposes of the perinatal outreach, coordination, and expansion services.

This bill would extend the operation and effective period of those programs within the Medi-Cal program.



Existing law, operative until July 1, 1996, and repealed on January 1, 1997, requires the State Department of Health Services to establish data collection and reporting requirements to annually report health expenditures and authorizes the use of money allocated for local health purposes to expand the scope of benefits, to fund special projects under the County Medical Services Program, and to compensate hospitals and other emergency health providers for emergency treatment of out-of-county indigent patients and authorizes the use of funds available from appropriations for certain local health care purposes for use in funding increased program costs due to caseload increases and provider rate increases.

This bill would extend the operative and effective date of those provisions for one year, and, to the extent it authorizes a change in the use of appropriated funds, this bill would result in an appropriation.

Existing law contained in the California Health Care for the Indigent Program (CHIP) provides for the allocation of money from the Cigarette and Tobacco Products Surtax Fund to the counties to provide health care benefits, and requires that each county that receives CHIP funds submit reports containing specified information to the State Department of Health Services.

This bill would revise the time period and required information that each county receiving CHIP funding shall be required to provide to the State Department of Health Services.

Existing law requires counties to maintain a specified maintenance of effort level in order to receive those funds and limits the authority for the CHIP program to make it inoperative on July 1, 1996, and to repeal that authority on January 1, 1997.

This bill would revise the maintenance of effort requirements for the 1996-97 fiscal years and would extend the CHIP to make it inoperative on July 1, 1997, and to repeal it on January 1, 1998.

Existing law provides for various programs for the provision of health services.



This bill would, until July 1, 1997, require the Rural Health Policy Council, through the Office of Statewide Health Planning and Development to develop and administer a competitive grants program for projects located in rural areas pertaining to the delivery of health and medical services in rural areas, and authorizes the Office of Statewide Health Planning and Development to administer certain funds appropriated by the Budget Act of 1996 for those purposes consistent with the requirements of Proposition 99.

This bill would impose limitations on the use of funds from the Cigarette and Tobacco Products Surtax Fund to reflect the requirements of Proposition 99.

This bill would specify that any unappropriated funds from the 1996–97 fiscal year contained in any of the accounts in the Cigarette and Tobacco Products Surtax Fund shall remain in that account, and be available for appropriation for the 1997–98 fiscal year.

This bill would also require the Office of the Legislative Analyst to prepare an analysis, which may be contained in the Analysis of the 1997–98 Budget Bill, but which shall be submitted not later than March 1, 1997, on the expenditure of specified funds, by county, for health care.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 349.109 of the Health and Safety Code is amended to read:

349.109. This article shall remain operative only until July 1, 1997, shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 1998, deletes or extends that date.

SEC. 2. Section 104380 of the Health and Safety Code is amended to read:

104380. (a) Funds appropriated to the department for local lead agencies for purposes of this article shall be



allocated prospectively, on a quarterly basis in accordance with this section.

(b) No local lead agency shall be allocated less than one hundred ten thousand dollars (\$110,000).

(c) (1) Except as provided in subdivision (b), counties not listed in subdivision (d) shall receive an allocation based on each county's proportion of the statewide population.

(2) Counties that receive their allocations pursuant to paragraph (1) shall receive 73 percent of their 1990–91 fiscal year allocation.

(d) Except as provided in subdivision (b), the balance of the funds after the allocation contained in subdivision (c) have been made, shall be allocated to the following specified counties in accordance with the following percentages:

COUNTY	ALLOCATION
Alameda	4.7427%
Contra Costa	1.8032%
Fresno	2.6855%
Kern	1.7083%
Lake	0.1826%
Los Angeles	43.8057%
Mendocino	0.2664%
Merced	0.7244%
Monterey	1.2937%
Orange	5.1382%
Placer	0.3697%
Riverside	3.1828%
Sacramento	3.2922%
San Bernardino	3.7972%
San Diego	5.9971%
San Francisco	5.3898%
San Joaquin	1.7413%
San Luis Obispo	0.8096%
San Mateo	1.4582%
Santa Barbara	0.7918%
Santa Clara	5.2450%
Santa Cruz	0.7709%



Stanislaus	1.2793%
Tulare	1.3768%
Ventura	1.5472%
Yolo	0.6004%

(e) Except as provided in subdivision (b), the allocation for those counties in which a city health department which is a local lead agency as defined by subdivision (l) of Section 104355 is located shall be apportioned among the local lead agencies in that county based on their jurisdiction's proportionate share of the countywide population.

(f) Reductions in allocations necessary to comply with subdivision (b) shall be distributed among the counties listed in subdivision (d) proportionately based on the table contained in subdivision (d).

(g) The department shall use population estimates for 1989 for each county and for each city as specified in the Department of Finance E-1 Report.

(h) Payments shall be made prospectively, on a quarterly basis, to local jurisdictions.

(i) (1) The department shall conduct a fiscal and program review on a regular basis.

(2) If the department determines that any county is not in compliance with any provision of this chapter, the county shall submit to the department, within 60 days, a plan for complying with this article.

(3) The department may withhold funds from local lead agencies allocated funds under this section that are not in compliance with this chapter in the same manner as the department is authorized under Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the Welfare and Institutions Code. The department may terminate the agreement with the noncompliant local lead agency, recoup any unexpended funds from the noncompliant local lead agency, and reallocate both the withheld and recouped funds to provide services available under this section to the jurisdiction of the noncompliant agency through an agreement with a different governmental or private nonprofit agency

capable of delivering those services based on the department's local lead agency guidelines for local plans and a process determined by the department. The department may encumber and reallocate these funds no sooner than three months after the date of the first notification that the department has determined the local lead agency to be out of compliance with statutory requirements.

SEC. 3. Section 104385 of the Health and Safety Code is amended to read:

104385. (a) The department shall award and administer grants for projects directed at the prevention of tobacco-related diseases. The purpose of the grant program is to conduct health education and promotion activities targeted to high-risk persons and groups in order to reduce the number of persons beginning to use tobacco, continuing to use tobacco, or developing tobacco-related diseases. The grants shall provide funds to eligible grantees, as determined by the department. In awarding grants, the department shall select a variety of projects and grantees.

(b) The department shall develop criteria and standards for the allocation of grant awards which consider the need to balance target populations to be served, project types of rural suburban and urban projects, and consider the current regional availability of similar services. Target populations may include, but not be limited to, children, young adults, pregnant women, low-income individuals, Black, Hispanic, Native American, and Asian-Pacific Islander populations, current smokers, and schoolaged youth no longer attending school classes. The grant awards may also be made to school districts for nonclassroom, districtwide efforts to reduce tobacco use. The department shall develop mechanisms to evaluate all programs and shall require any program funded under this article to provide statistics on the impact of the program.

(c) The department shall give priority to grantees who do the following:

- (1) Demonstrate community support for the project.



(2) Design the project to coordinate with other community services including local health programs, school-based programs, or voluntary health organizations.

(3) Design the project to utilize and enhance existing services and resources.

(4) Serve a target population at high risk of starting tobacco use or developing tobacco-related illnesses.

(5) Demonstrate an understanding of the role community norms have in influencing behavioral change regarding tobacco use.

(6) Indicate promising innovative approaches to diminishing tobacco use among target groups and permit those approaches to be replicated by others.

(d) Of the funds appropriated to the department in Item 4260-111-231 of the 1996 Budget Act, five million dollars (\$5,000,000) shall be available specifically for grants awarded on a competitive basis to provide smoking cessation classes or services for persons eligible for and enrolled in the state's Medi-Cal program, or persons who are medically indigent.

SEC. 4. Section 104420 of the Health and Safety Code is amended to read:

104420. The State Department of Education shall provide the leadership for the successful implementation of this article in programs administered by local public and private schools, school districts, and county offices of education. The State Department of Education shall do all of the following:

(a) Provide a planning and technical assistance program to carry out its responsibilities under this article.

(b) Provide guidelines for schools, school districts, and school district consortia to follow in the preparation of plans for implementation of antitobacco use programs for schoolage populations. The guidelines shall:

(1) Require the applicant agency to select one or more model program designs and shall permit the applicant to modify the model program designs to take special local needs and conditions into account.



(2) Require the applicant agency to prepare for each target population to be served a description of the service to be provided, an estimate of the number to be served, an estimate of the success rate and a method to determine to what extent goals have been achieved.

(3) Require plan submissions to include a staffing configuration and a budget setting forth use and distribution of funds in a clear and detailed manner.

(c) Prepare model program designs and information for local schools, local school districts, consortia, and county offices of education to follow in establishing direct service programs to targeted populations. Model program designs shall, to the extent feasible, be based on studies and evaluations that determine which service delivery systems are effective in reducing tobacco use and are cost-effective. The State Department of Education shall consult with the department, and school districts with existing antitobacco programs in the preparation of model program designs and information.

(d) Provide technical assistance for local schools, local school districts, and county offices of education regarding the prevention and cessation of tobacco use. In fulfilling its technical assistance responsibilities, the State Department of Education may establish a center for tobacco use prevention that shall identify, maintain, and develop instructional materials and curricula encouraging the prevention or cessation of tobacco use. The State Department of Education shall consult with the department and others with expertise in antitobacco materials or curricula in the preparation of these materials and curricula.

(e) Monitor the implementation of programs that it has approved under this article to ensure successful implementation.

(f) Prepare guidelines within 180 days of the effective date of this article for a school-based program of outreach, education, intervention, counseling, peer counseling, and other activities to reduce and prevent smoking among schoolage youth.

(g) Assist county offices of education to employ a tobacco use prevention coordinator to assist local schools and local public and community agencies in preventing tobacco use by pupils.

(h) Train the tobacco use prevention coordinators of county offices of education so that they are:

(1) Familiar with relevant research regarding the effectiveness of various kinds of antitobacco use programs.

(2) Familiar with department guidelines and requirements for submission, review, and approval of school-based plans.

(3) Able to provide effective technical assistance to schools and school districts.

(i) Establish a tobacco use prevention innovation program effort directed at specific pupil populations.

(j) Establish a competitive grants program to develop innovative programs promoting the avoidance, abatement, and cessation of tobacco use among pupils.

(k) Establish a tobacco-free school recognition awards program.

(l) As a condition of receiving funds pursuant to this article, the State Department of Education, county offices of education, and local school districts shall ensure that they coordinate their efforts toward smoking prevention and cessation with the lead local agency in the community where the local school district is located.

(m) (1) Develop, in coordination with the county offices of education, a formula that allocates funds for school-based, antitobacco education programs to school districts and county offices of education for all students in grades 4 to 8, inclusive, on the basis of the average daily attendance (ADA) of pupils. School districts shall provide tobacco-use prevention instruction for students, grades 4 to 8, inclusive, that address the following essential topics:

(A) Immediate and long-term undesirable physiologic, cosmetic, and social consequences of tobacco use.

(B) Reasons that adolescents say they smoke or use tobacco.



(C) Peer norms and social influences that promote tobacco use.

(D) Refusal skills for resisting social influences that promote tobacco use.

(2) Develop a competitive grants program administered by the State Department of Education directed at students in grades 9 to 12, inclusive. The purpose of the grant program shall be to conduct tobacco-use prevention and cessation activities targeted to high-risk students and groups in order to reduce the number of persons beginning to use tobacco, or continuing to use tobacco. The State Department of Education shall consult with local lead agencies, the Tobacco Education and Research Oversight Committee, and representatives from nonprofit groups dedicated to the reduction of tobacco-associated disease in making grant award determinations. Grant award amounts shall be determined by available funds. The State Department of Education shall give priority to programs, including, but not limited to, the following:

(A) Target current smokers and students most at risk for beginning to use tobacco.

(B) Offer or refer students to cessation classes for current smokers.

(C) Utilize existing antismoking resources, including local antismoking efforts by local lead agencies and competitive grant recipients.

(n) (1) Allocate funds for administration to county offices of education for implementation of Tobacco Use Prevention Programs. The funds shall be allocated according to the following schedule based on average daily attendance in the prior year credited to all elementary, high, and unified school districts, and to all county superintendents of schools within the county as certified by the Superintendent of Public Instruction:

(A) For counties with over 400,000 average daily attendance, thirty cents (\$0.30) per average daily attendance.

(B) For counties with more than 100,000 and less than 400,000 average daily attendance, sixty-five cents (\$0.65) per average daily attendance.

(C) For counties with more than 50,000 and less than 100,000 average daily attendance, ninety cents (\$0.90) per average daily attendance.

(D) For counties with more than 25,000 and less than 50,000 average daily attendance, one dollar (\$1) per average daily attendance.

(E) For counties with less than 25,000 average daily attendance, twenty-five thousand dollars (\$25,000).

(2) In the event that funds appropriated for this purpose are insufficient, the Superintendent of Public Instruction shall prorate available funds among participating county offices of education.

(o) Allocate funds appropriated by the act adding this subdivision for local assistance to school districts and county offices of education based on average daily attendance reported in the second principal apportionment in the prior fiscal year. Those school districts and county offices of education that receive one hundred thousand dollars (\$100,000) or more of local assistance pursuant to this part shall target 30 percent of those funds for allocation to schools that enroll a disproportionate share of students at risk for tobacco use.

(p) (1) Provide that all school districts and county offices of education that receive funding under subdivision (o) make reasonable progress toward providing a tobacco-free environment in school facilities for students and employees.

(2) All school districts and county offices of education that receive funding pursuant to paragraph (1) shall adopt and enforce a tobacco-free campus policy no later than July 1, 1995. The policy shall prohibit the use of tobacco products, any time, in district-owned or leased buildings, on district property and in district vehicles. Information about the policy and enforcement procedures shall be communicated clearly to school personnel, parents, students, and the larger community. Signs stating "Tobacco use is prohibited" shall be



prominently displayed at all entrances to school property. Information about smoking cessation support programs shall be made available and encouraged for students and staff. Any school district or county office of education that does not have a tobacco-free district policy implemented by July 1, 1996, shall not be eligible to apply for funds from the Cigarette and Tobacco Products Surtax Fund in the 1996–97 fiscal year and until the tobacco-free policy is implemented. Funds that are withheld from school districts that fail to comply with the tobacco-free policy shall be available for allocation to school districts implementing a tobacco-use prevention education program, pursuant to subdivision (m).

SEC. 5. Section 104485 of the Health and Safety Code is amended to read:

104485. This article shall remain operative only until July 1, 1997, and shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 6. Section 104550 of the Health and Safety Code is amended to read:

104550. This article shall become inoperative on July 1, 1997, and, as of January 1, 1998, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 1998, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 7. Section 124900 of the Health and Safety Code is amended to read:

124900. (a) The State Department of Health Services shall select primary care clinics that are licensed under paragraph (1) or (2) of subdivision (a) of Section 1204, or are exempt from licensure under subdivision (c) of Section 1206, to be reimbursed for delivering medical services, including preventative health care, and smoking prevention and cessation health education, to program beneficiaries. In selecting primary care clinics for reimbursement, the department shall give priority to clinics that provide services in a medically underserved



area or to a medically underserved population as determined by the department.

(b) As a part of the award process for funding pursuant to this article, the department shall take into account the availability of primary care services in the various geographic areas of the state. The department shall determine which areas within the state have populations which have clear and compelling difficulty in obtaining access to primary care. The department shall consider proposals from new and existing eligible providers to extend clinic services to these populations. The department shall give equal consideration to all applicants, regardless of whether or not they have previously been funded for this program by the department.

(c) Each primary care clinic applying for funds pursuant to this article shall demonstrate that the funds shall be used to expand medical services, including preventative health care, and smoking prevention and cessation health education, for program beneficiaries based on the primary care clinic's projected increase in outpatient visits as compared to the outpatient visits provided in the 1988 calendar year.

(d) (1) For purposes of this article, an outpatient visit shall include, diagnosis and medical treatment services, including the associated pharmacy, X-ray, and laboratory services, and prevention health and case management services that are needed as a result of the outpatient visit. For a new patient, an outpatient visit shall also include a health assessment encompassing an assessment of smoking behavior and the patient's need for appropriate health education specific to related tobacco use and exposure.

(2) "Case management" includes, for this purpose, the management of all physician services, both primary and specialty, and arrangements for hospitalization, postdischarge care, and followup care.

(e) Payment shall be on a per visit basis at a rate that is determined by the department to be appropriate for an



outpatient visit as defined in this section, not to exceed sixty-five dollars (\$65) per outpatient visit.

In developing a statewide uniform rate for an outpatient visit as defined in this article, the department shall consider existing rates of payments for comparable outpatient visits. The department shall review the outpatient visit rate on an annual basis.

(f) Not later than May 1 of each year, the department shall adopt and provide each clinic with a schedule for programs under this article, including the date for notification of availability of funds, the deadline for the submission of a completed application, and an anticipated contract award date for successful applicants.

(g) In administering the program created pursuant to this article, the department shall utilize the Medi-Cal program statutes and regulations pertaining to program participation standards, medical and administrative recordkeeping, the ability of the department to monitor and audit clinic records pertaining to program services rendered to program beneficiaries and take recoupments or recovery actions consistent with monitoring and audit findings, and the provider's appeal rights. Each primary care clinic applying for program participation shall certify that it will abide by these statutes and regulations and other program requirements set forth in this article.

SEC. 8. Section 124930 of the Health and Safety Code is amended to read:

124930. (a) For any condition detected as part of a child health and disability prevention screen for any child eligible for services under Section 104395, if the child was screened by the clinic or upon referral by a child health and disability prevention program provider, unless the child is eligible to receive care with no share of cost under the Medi-Cal program, is covered under another publicly funded program, or the services are payable under private coverage, a clinic shall, as a condition of receiving funds under this article, do all of the following:

(1) Insofar as the clinic directly provides these services for other patients, provide medically necessary followup treatment, including prescription drugs.



(2) Insofar as the clinic does not provide treatment for the condition, arrange for the treatment to be provided.

(b) (1) If any child requires treatment the clinic does not provide, the clinic shall arrange for the treatment to be provided, and the name of that provider shall be noted in the patient's medical record.

(2) The clinic shall contact the provider or the patient or his or her guardian, or both, within 30 days after the arrangement for the provision of treatment is made, and shall determine if the provider has provided appropriate care, and shall note the results in the patient's medical record.

(3) If the clinic is not able to determine, within 30 days after the arrangement for the provision of treatment is made, whether the needed treatment was provided, the clinic shall provide written notice to the county child health and disability prevention program director, and shall also provide a copy to the state director of the program.

(c) (1) For the 1994–95 and 1995–96 fiscal years, inclusive, the state department may establish a reimbursement program for referral case management services required pursuant to subdivision (b), provided to a child pursuant to subdivision (a).

(2) The department may utilize funds appropriated for the purposes of this article for reimbursements under paragraph (1).

SEC. 9. Section 124950 of the Health and Safety Code is amended to read:

124950. This article shall remain operative only until July 1, 1997, and shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 10. Section 12696.05 of the Insurance Code is amended to read:

12696.05. The board may do all of the following:

(a) Determine eligibility criteria for the program. These criteria shall include the requirements set forth in Section 12698.



(b) Determine the eligibility of applicants.

(c) Determine when subscribers are covered and the extent and scope of coverage.

(d) Determine subscriber contribution amounts schedules. Subscriber contribution amounts shall be indexed to the federal poverty level and shall not exceed 2 percent of a subscriber's annual gross family income.

(e) Provide coverage through participating health plans or through coordination with other state programs, and contract for the processing of applications and the enrollment of subscribers. Any contract entered into pursuant to this part shall be exempt from any provision of law relating to competitive bidding, and shall be exempt from the review or approval of any division of the Department of General Services. The board shall not be required to specify the amounts encumbered for each contract, but may allocate funds to each contract based on projected and actual subscriber enrollments in a total amount not to exceed the amount appropriated for the program.

(f) Authorize expenditures from the fund to pay program expenses which exceed subscriber contributions, and to administer the program as necessary.

(g) Develop a promotional component of the program to make Californians aware of the program and the opportunity that it presents.

(h) Issue rules and regulations as necessary to administer the program. Until January 1, 1998, any rules and regulations issued pursuant to this subdivision that manage program integrity, revise the benefit package, or reduce the eligibility criteria below 300 percent of the federal poverty level may be adopted as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of these regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or

general welfare. The regulations shall become effective immediately upon filing with the Secretary of State.

(i) Exercise all powers reasonably necessary to carry out the powers and responsibilities expressly granted or imposed by this part.

SEC. 11. Section 12699.50 of the Insurance Code is amended to read:

12699.50. This part shall remain operative only until July 1, 1997, shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 12. Section 14148.99 of the Welfare and Institutions Code is amended to read:

14148.99. This article shall remain operative only until July 1, 1997, shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 13. Section 16809.5 of the Welfare and Institutions Code is amended to read:

16809.5. (a) Funds appropriated for the purposes of this section shall be allocated on a monthly basis.

(b) Money allocated for the purposes of this section may be used to expand the scope of benefits, to fund special projects which alleviate problems of access to health and dental care under the County Medical Services Program and to compensate hospitals and other emergency health service providers for emergency treatment of out-of-county indigent patients and shall not be used to fund existing levels of service.

(c) Funds available from appropriations for the purposes of this chapter may be utilized to fund increased program costs due to caseload increases and provider rate increases.

(d) Unexpended funds allocated from the fiscal year 1990–91 appropriation for purposes of improving dental access may be utilized in fiscal year 1991–92 for the continuation and completion of projects developed to improve dental access.



(e) This section shall remain operative only until July 1, 1997, and shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 14. Section 16909 of the Welfare and Institutions Code is amended to read:

16909. (a) Any county which receives funds pursuant to this part shall deposit them in a special revenue fund or trust fund established solely for this purpose, in a hospital services account, a physician services account, and other county health services account, and any other account or subaccount the department may require, before transferring or expending them for any of the uses allowed in this part.

(b) Any county subject to the requirements of subdivision (a) shall deposit the funds in the special revenue fund or trust fund before transferring the funds to the county emergency medical services fund, as provided in subdivision (c) of Section 16933 and Section 16951.

(c) (1) Interest on each fund, account, or subaccount shall accrue to the benefit of the fund, account, or subaccount, and shall be expended for the same purposes as the other funds in the account or subaccount.

(2) Interest or other increments resulting from funds transferred to the county for noncounty hospitals pursuant to paragraph (1) or (2) of subdivision (b) of Section 16946 shall be expended under paragraph (1) or (2) of subdivision (b) of Section 16946.

(d) For the period July 1, 1991, to June 30, 1997, inclusive, counties shall submit a report that displays cost and utilization data for each account in the trust fund established pursuant to this section, to the department on a semiannual, preliminary annual, and final annual basis, in a form prescribed by the department.

(e) Data required by subdivision (d) shall include, but not be limited to, all of the following:

(1) For the Hospital Services Account, the data shall include all of the following:

(A) Inpatient stay, including child health and disability prevention followup treatment, including the following information:

- (i) Facility name.
- (ii) Amount paid by the county.
- (iii) Number of discharges.
- (iv) Patient days.

(B) Outpatient visits, including child health and disability prevention followup treatment, including the following information:

- (i) Facility name.
- (ii) Amount paid by the county.
- (iii) Number of visits.

(C) Emergency room.

- (i) Facility name.
- (ii) Amount paid by the county.
- (iii) Number of visits.

(2) For the Physician Services Account, the data shall include all of the following:

(A) Emergency services, including the following information:

- (i) The number of providers.
- (ii) The number of visits.
- (iii) The amount paid by the county.

(B) Obstetrics, including the following information:

- (i) The number of providers.
- (ii) The number of visits.
- (iii) The amount paid by the county.

(C) Pediatrics, including the following information:

- (i) The number of providers.
- (ii) The number of visits.
- (iii) The amount paid by the county.

(D) Child health and disability prevention followup treatment, including the following information:

- (i) The number of providers.
- (ii) The number of visits.
- (iii) The amount paid by the county.

(3) For the other county health services account, the data shall include all of the following:



(A) For funds expended for hospital services, those data in paragraph (1) of subdivision (e).

(B) For funds expended for physician services, those data in paragraph (2) of subdivision (e).

(C) For funds expended for services other than those provided and billed for by a hospital or physician, the data shall include:

(i) The number of providers by type of service.

(ii) The number of visits or units, or both, by type of service.

(iii) The amount paid by the county by type of service.

(D) Child health and disability prevention followup treatment, including the following information:

(i) The number of providers.

(ii) The number of visits.

(iii) The amount paid by the county.

(f) The Director of Health Services shall withhold, in part or in whole, payment of moneys governed by Chapter 4 (commencing with Section 16930) and Chapter 5 (commencing with Section 16940) of this part to a county, until the reports specified in this section have been submitted to the department in the form and according to the procedures established by the department.

SEC. 15. Section 16918 of the Welfare and Institutions Code is repealed.

SEC. 16. Section 16945 of the Welfare and Institutions Code is amended to read:

16945. (a) The department shall annually verify and transmit to each MISP county and each CMSP county the figures specified in subdivision (c), using data supplied by the office.

(b) (1) For purposes specified in subdivision (c), the office shall use data from the quarterly reports required by Section 128740 of the Health and Safety Code.

(2) For the 1989–90 fiscal year computations, the office shall use the 1988 calendar year data, as adjusted by the office, existing on the statewide file on September 1, 1989.

(3) For the computations for fiscal years after the 1989–90 fiscal year, the office shall use the data from the

quarterly reports for the calendar year preceding the computational fiscal year, as adjusted by the office, existing on the statewide file on April 15 immediately preceding the computational fiscal year.

(4) (A) Except as provided in subparagraphs (B), (C), and (D), the definitions, procedures, and data elements specified in Chapter 3 (commencing with Section 16920) shall be used in all computations required in subdivision (c).

(B) For the 1991–92 fiscal year, the following definitions shall be used in all computations required in subdivision (c):

(i) “Uncompensated care charges” means the sum of the charges related to patients falling within the charity-other category in the 1990 calendar year and 25 percent of the charges related to patients falling within the bad debts category in the first two quarters of the 1990 calendar year, as both categories of charges are reported quarterly to the office pursuant to Section 128740 of the Health and Safety Code.

(ii) “Uncompensated care costs” means that amount calculated by applying an overall hospital cost-to-charge ratio, calculated by dividing gross operating expenses by gross inpatient and outpatient revenue, as reported quarterly to the office, to uncompensated care charges.

(C) For the 1992–93 fiscal year, the following definitions shall be used in all computations required in subdivision (c):

(i) “Uncompensated care charges” means the charges related to patients falling within charity-other, as reported quarterly to the office pursuant to Section 128740 of the Health and Safety Code.

(ii) “Uncompensated care costs” means that amount calculated by applying an overall hospital cost-to-charge ratio, calculated by dividing gross operating expenses by gross inpatient and outpatient revenue, as reported quarterly to the office, to uncompensated care charges.

(D) For the 1993–94, 1994–95, 1995–96, and 1996–97 fiscal years, the following definitions shall be used in all computations required in subdivision (c):



(i) (I) For county hospitals and for all hospitals operating in counties with no county hospital, “uncompensated care charges” means the charges related to patients falling within charity-other, gross inpatient revenue-county indigent programs and gross outpatient revenue-county indigent programs, as reported quarterly to the office pursuant to Section 128740 of the Health and Safety Code.

(II) For noncounty hospitals operating in a county with a county hospital, “uncompensated care charges” means the charges related to patients falling within charity-other and county indigent programs contractual adjustments, as reported quarterly to the office pursuant to Section 128740 of the Health and Safety Code.

(ii) “Uncompensated care costs” means that amount calculated by applying an overall hospital cost-to-charge ratio, calculated by dividing gross operating expenses less other operating revenue by gross inpatient and outpatient revenue, as reported quarterly to the office, to uncompensated care charges.

(c) The office shall compute the following data on uncompensated care costs reported by hospitals located within each MISPC county and each CMSP county:

(1) The sum of uncompensated care costs for all hospitals.

(2) The sum of uncompensated care costs for all noncounty hospitals.

(3) The sum of uncompensated care costs for all county hospitals.

(4) The uncompensated care costs of each hospital within the county.

(5) The percentage derived from dividing the result of paragraph (2) by the result of paragraph (1).

(6) The percentage derived from dividing the result of paragraph (3) by the result of paragraph (1).

(7) The percentage for each individual hospital derived from dividing each noncounty hospital’s uncompensated care cost in paragraph (4) by the amount in paragraph (2).



(d) The office shall transmit to the department the data specified in subdivision (c) within 30 days of the dates specified in paragraph (2) of subdivision (b) and paragraph (3) of subdivision (b) of this section.

SEC. 17. Section 16990.1 is added to the Welfare and Institutions Code, to read:

16990.1. Notwithstanding the first sentence of paragraph (1) of subdivision (a) of Section 16990, for the purposes of determining the level of financial support in the 1996–97 fiscal year, the amounts specified in subparagraph (A) of paragraph (1) of subdivision (a) of Section 16990 shall be added to 50 percent of the amounts specified in subparagraph (B) of paragraph (1) of subdivision (a).

SEC. 18. Section 16997.1 of the Welfare and Institutions Code is amended to read:

16997.1. This part shall remain operative only until July 1, 1997, and shall remain in effect only until January 1, 1998, and as of that date is repealed, unless a later enacted statute, which is effective on or before January 1, 1998, deletes or extends that date.

SEC. 19. (a) The Rural Health Policy Council, established pursuant to Part 5 (commencing with Section 1179) of Division 1 of the Health and Safety Code, through the Office of Statewide Health Planning and Development, shall develop and administer a competitive grants program for projects located in rural areas of California. The Rural Health Policy Council shall make a determination of what constitutes rural after receiving public input and upon recommendation of the Interdepartmental Rural Health Coordinating Committee and the Rural Health Programs Liaison. The purpose of this grants program shall be to fund innovative, collaborative, cost-effective, and efficient projects that pertain to the delivery of health and medical services in rural areas of the state. The Rural Health Policy Council shall develop and establish uses for the funds to fund special projects that alleviate problems of access to quality health care in rural areas and to compensate public and private health care providers

associated with direct delivery of patient care. The funds shall be used exclusively for medical and hospital care for treatment for patients who cannot afford to pay for services and for whom payment will not be made through private or public programs.

(b) The Rural Health Policy Council shall establish the criteria, standards, and eligibility to be used in requests for proposals or requests for application, the application review process, determining the maximum amount and number of grants to be awarded, preference and priority of projects, compliance monitoring, and the measurement of outcomes achieved after receiving comment from the public at a meeting held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The office shall administer the funds appropriated by the Budget Act of 1996 consistent with Proposition 99 for purposes of this section. Entities eligible for these funds shall include rural health providers served by the programs operated by the departments represented on the Rural Health Policy Council, which include the State Department of Alcohol and Drug Programs, the Emergency Medical Services Authority, the State Department of Health Services, the State Department of Mental Health, and the Office of Statewide Health Planning and Development. The grant funds shall be used to expand existing services or establish new services and shall not be used to supplant existing levels of service.

(c) The office shall periodically report to the Rural Health Policy Council on the status of the funded projects. This information shall also be available at the public meetings.

(d) This section shall become inoperative on July 1, 1997, and, as of January 1, 1998, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 1998, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 20. In the event that funds in the Cigarette and Tobacco Products Surtax Fund are insufficient to support

the Budget Act appropriations for the programs authorized in this act, the Director of Finance may authorize the augmentation or reduction of the amounts appropriated in the Budget Act for the programs authorized in this act. These augmentations or reductions may be authorized not sooner than 45 days after notification in writing of the necessity therefor is provided to the chairpersons of the committees in each house that consider appropriations, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the committees of each house that consider health policy, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designees, may in each instance determine. The following provisions shall also apply.

(a) The Director of Finance shall provide sufficient funding for those programs authorized in this act pursuant to Section 16809.5 of the Welfare and Institutions Code (expanded County Medical Services Program), Section 104395 of the Health and Safety Code (expanded Child Health and Disability Prevention Program), subdivision (e) of Section 104375 of the Health and Safety Code (media campaign), and Part 6.3 (commencing with Section 12695) of the Insurance Code (Access for Infants and Mothers Program).

(b) To the extent reductions are required under this section to appropriations for other programs authorized in this act and funded from the Cigarette and Tobacco Products Surtax Fund, these reductions shall be allocated among those programs on a pro rata basis.

(c) Copies of any notifications required to authorize augmentations or reductions pursuant to this section shall be provided to organizations representing the programs authorized in this act, and to counties, which request in writing that they be informed of such notifications.

SEC. 21. The State Department of Health Services may adopt emergency regulations to implement this act in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The



initial adoption of the emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, and safety or general welfare. Initial emergency regulations and the first readoption of those regulations shall be exempt from review by the Office of Administrative Law. Emergency regulations authorized by this section and the readoption of those regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations and each shall remain in effect for no more than 180 days.

SEC. 22. (a) Notwithstanding any provision of law, funds appropriated through the Budget Act of 1996 for the tobacco use competitive grants program set forth in Section 104385 of the Health and Safety Code and the tobacco prevention media campaign set forth in subdivision (e) of Section 104375 of the Health and Safety Code shall be available for expenditure without regard to fiscal year until July 1, 1999.

(b) Notwithstanding any provision of law, funds appropriated through the Budget Act of 1996 for the evaluation of the State Department of Education's tobacco use prevention education program pursuant to subdivision (c) of Section 104375 of the Health and Safety Code, for the State Department of Education's allocation of funds for school-based tobacco use prevention pursuant to Sections 104425 and 104430 of the Health and Safety Code, for the tobacco use prevention program set forth in Section 104400 of the Health and Safety Code, and for the rural health improvement grants established in Section 19 of this act shall be available for expenditure without regard to fiscal year until July 1, 1998.

SEC. 23. All funds derived from the imposition of taxes pursuant to Article 2 (commencing with Section 30121) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, which are appropriated for the purposes of this act, shall be used to supplement existing levels of services provided and shall not be used to fund existing levels of service.



SEC. 24. No funds derived from the imposition of taxes pursuant to Article 2 (commencing with Section 30121) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, the Hospital Services Account, the Physician Services Account, or the Unallocated Account in the Cigarette and Tobacco Products Surtax Fund, for the purposes of this act, shall be used to pay for services except for the treatment of patients who cannot afford to pay for those services, and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government.

SEC. 25. Moneys in the Hospital Services Account, the Physician Services Account, the Health Education Account, and the Unallocated Account in the Cigarette and Tobacco Products Surtax Fund shall not be transferred to any other fund or account in the State Treasury, except as provided in this act or other legislation, and except for purposes of investment as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. All interest or other increment resulting from investment shall be deposited to the respective account.

SEC. 26. Due to the necessity to implement the mandates of Article 2 (commencing with Section 30121) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, any contract made pursuant to this act shall not be subject to Part 2 (commencing with Section 10100) of the Public Contract Code.

SEC. 27. Notwithstanding any other provision of law, any unappropriated funds from the 1996–97 fiscal year contained in any of the accounts in the Cigarette and Tobacco Products Surtax Fund shall remain in that account, and be available for appropriation for the 1997–98 fiscal year.

SEC. 28. It is the intent of the Legislature that the appropriations contained in the Budget Act of 1996 shall not establish a precedent on how programs shall be funded from accounts in the Cigarette and Tobacco Products Surtax Fund in future fiscal years.



SEC. 29. The Office of the Legislative Analyst shall prepare an analysis, which may be contained in the Analysis of the 1997–98 Budget Bill, but in no case shall it be submitted later than March 1, 1997, on the expenditure of funds, by county, provided in accordance with Chapters 89 and 91 of the Statutes of 1991 for health care, and the expenditure by county of funds allocated from the Cigarette and Tobacco Products Surtax Fund for health care. The report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations.

SEC. 30. All programs authorized or amended by this act shall be deemed to be operative for the entire 1996–97 fiscal year.

SEC. 31. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 32. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to timely provide for the administration of this act for the 1996–97 fiscal year, it is necessary that this act take effect immediately.

Approved _____, 1996

Governor

